

Program A: Financial Institutions

Program Authorization: R.S. 6:1-138; 6:201-569; 6:641 et seq.; 6:701-950.8; 6:970-974; 6:1001 et seq.; 6:1031-1053; 6:1081 et seq.; 6:1111 et seq.; 6:1131 et seq.; 9:2130; 9:3510 et seq.; 36:101(c); 36:108(c); 37:1781-1809; 51:361-371; 51:701-724; 51:1921 et seq.; 51:2386 et seq.

PROGRAM DESCRIPTION

The mission of the Financial Institutions Program is to charter, license, and supervise those entities under its jurisdiction in order to protect the public interest and enhance confidence in the financial services industry.

The goals of the Financial Institutions Program are:

1. Provide effective, efficient, proactive supervision to all entities under OFI's jurisdiction.
2. Provide effective, efficient support, direction, and management to various OFI division and external constituents.

The Financial Institutions Program includes the following activities:

1. Executive Administration – The management arm of the agency, providing direction to the three other activities. Overall agency management, human resources, information systems, and other support functions reside in this activity. Through, the Executive Administration Activity, the Office of Financial Institutions encourages the economic growth and the expansion of commerce and industry.
2. Depository Institutions – Through the Depository Institutions Activity, the program regulates all state-chartered depository institutions including banks, savings banks, savings and loan associations, their respective holding companies, and credit unions. OFI's banking division has been accredited by the Conference of State Bank Supervisors since 1989; the 14th of 44 state banking departments to receive accreditation. Credit Unions – The credit union division is 1 of only 23 state credit union regulatory departments accredited by the National Association of State Credit Union Supervisors; accreditation was received in 1995.
3. Non-Depository Institutions – Through the Nondepository Institutions Activity, the program is responsible for registering, licensing, and regulating licensed lenders, pawn brokers, collection agencies, loan brokers, credit repair service organizations, bond for deed escrow agents, sellers of checks, and retail sales finance businesses which are required to file notification with OFI.
4. Securities – Through the Securities Activity, all securities offerings, agents, broker dealers, and investment advisors are also regulated through the Securities Activity. Business and Industrial Development Corporations (BIDCO's) and Certified Louisiana Capital Companies (CAPCO) are also regulated through the securities activity. Louisiana Vision 2020 Link: CAPCO legislation proposed in the 2000 Legislative session failed, and existing legislation will sunset at the end of 2000. The program to license new CAPCOs expired at the end of 1999, and the authority for existing CAPCOs to raise new capital expires at the end of 2000.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

GENERAL PERFORMANCE INFORMATION: TOTAL REVENUES COLLECTED					
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEA R ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Total revenues collected	\$13,719,175	\$14,367,347	\$15,176,387	\$15,628,778	\$16,982,545
Percentage of revenues expended	46.6%	45.2%	42.6%	40%	38.8%
Total cost of operations	\$6,391,373	\$6,499,229	\$6,407,957	\$6,258,070	\$6,581,431

1. (KEY) Through the Depository Institutions activity, to proactively supervise 100% of state chartered depository institutions by conducting 100% of scheduled examinations, reporting the examination results within one month of receipt of the draft report, and acting on complaints within 10 days of receipt.

Strategic Link: Ties to the Office of Financial Institutions Strategic Plan Objective I.1 to accomplish same through 2003.

Louisiana: Vision 2020 Link: No direct link

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: The Depository Institutions activity currently provides supervision to 150 banks/thrifts and 64 credit unions.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Percentage of examinations conducted as scheduled - banks/thrifts	95%	99%	95%	95%	95%	95%
K	Percentage of examinations conducted as scheduled - credit unions	100%	100%	100%	100%	100%	100%
K	Percentage of examination reports processed within one month - banks/thrifts	90%	70%	90%	90%	90%	90%
K	Percentage of examination reports processed within one month - credit unions	90%	87%	90%	90%	90%	90%
S	Number of examinations conducted - banks/thrifts	70	72	78 ¹	78 ¹	89 ²	89 ²
S	Number of examinations conducted - credit unions	63	64	62	62	63	63
K	Percentage of complaints acted upon within 10 days - banks/thrifts	96.7%	98%	96.6%	96.6%	97.6%	97.6%
K	Percentage of complaints acted upon within 10 days - credit unions	100%	100%	100%	100%	100%	100%
S	Number of complaints received - banks/thrifts	60	47	45	45	43	43

S	Number of complaints received - credit unions	6	3	6	6	6	6
S	Total assets regulated (in \$ millions) ³	Not applicable ³	\$17.6	\$18.8	\$18.8	\$18.9	\$18.9

¹ Includes 69 examinations of banks and 9 examinations of thrifts.

² Includes 82 examinations of banks and 7 examinations of thrifts.

³ This was a new indicator added for FY 2000-2001; therefore the indicator has no yearend standard for FY 1999-2000. This indicator was formerly broken out into two indicators reflecting the "Total assets regulated- banks/thrifts" and "Total assets regulated-credit unions", this information is now being reported as one figure.

2. (KEY) Through the Nondepository activity, to proactively supervise 100% of nondepository financial services providers by conducting 100% of scheduled examinations, investigating 100% of reports of unlicensed operations within 10 days, and acting upon written complaints within 30 days.

Strategic Link: This objective ties to the Office of Financial Institutions Strategic Plan Objective 1.3, to accomplish same through 2003.

Louisiana: Vision 2020 Link: No direct link

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Percentage of scheduled examinations conducted	100%	87%	100%	100%	100%	100%
S	Total number of examinations scheduled	1,471	1,094	1,324	1,324	1,402	1,402
S	Total number of active registrants	7,107 ¹	6,918	8,152	8,152	7,857	7,857
K	Percentage of investigations conducted within 10 days of companies reported to be operating unlicensed	100%	98%	100%	100%	100%	100%
K	Percentage of companies closed or license not required	85%	70.4%	69.3%	69.3%	57.8%	57.8%
S	Percentage of investigated companies licensed	15%	29.58%	30.7%	30.7%	42.2%	42.2%
S	Total number of companies reported to be operating unlicensed	92	102	110	110	174	174
K	Total number of violations cited ²	5,205	10,718	2,698	2,698	866	866
K	Total monies refunded or rebated to consumers from cited violations	\$104,850	\$138,029	\$101,000	\$101,000	\$151,000	\$151,000
K	Percentage of written complaints acted upon within 30 days	100%	95%	100%	100%	100%	100%
S	Total number of written complaints received	137	189	162	162	237	237
K	Total amount of refunds or rebates to consumers resulting from complaints	\$27,000	\$20,941	\$23,200	\$23,200	\$29,000	\$29,000

¹ Reflects August 15th adjustment.

² Method of calculating violations for licensed lenders revised for 2001-2002; each type of violation will be reported only once per entity which is consistent with the way violations are reported for other categories of nondepository licensees. Actual number of violations reported has varied widely during the past 5 years, from a high of 10,718 (primarily violations by licensed lenders) to a low of 1,454. Violations found are dependent on the number of examinations conducted and the licensee's knowledge and compliance with regulatory statutes.

3. (KEY) Through the Nondepository Activity's Consumer Credit Education Fund, to provide toll-free access to information regarding the regulation of Louisiana nondepository entities to 100% of Louisiana residents and nondepository financial services providers.

Strategic Link: This objective ties to the Office of Financial Institutions Strategic Plan Objective II.1, to accomplish same through 2003.

Louisiana: Vision 2020 Link: No direct link

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Number of phone calls received from consumers and lenders on toll-free line	4,194	2,326	2,000	2,000	2,500	2,500

4. (KEY) Through the Securities activity, to continue to conduct compliance examinations and investigations, where warranted, of 100% of registered Broker Dealers and Investment Advisors located in the State of Louisiana as scheduled in cooperation with federal regulators.

Strategic Link: This objective ties to the Office of Financial Institutions Strategic Plan Objective 1.4, to accomplish same through 2003.

Louisiana: Vision 2020 Link: No direct link

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Percentage of compliance examinations conducted of Louisiana broker dealers and investment advisors	100%	100%	100%	100%	100%	100%
S	Number of broker dealers and investment advisors located in Louisiana	140	242	210	210	240	240
S	Number of new complaints alleging violations reported	30	30	48	48	40	40
S	Number of investigations ¹	20	30	24	24	20	20
S	Number of enforcement actions initiated	4	18 ²	4	4	4	4

¹ Includes all active investigations, including those initiated in prior years that are still active.

² The number of enforcement actions for FY 1999-2000 was unusually high, because four cases involved multiple defendants.

5. (KEY) Through the Securities activity, to process 100% of all applications for licenses and requests for authorization of offerings within 30 days of receipt.

Strategic Link: This objective ties to the Office of Financial Institutions strategic plan objective to accomplish same through 2003.

Louisiana: Vision 2020 Link: No direct link

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND	ACTUAL	ACT 11	EXISTING	AT	AT
		PERFORMANCE	YEAREND	PERFORMANCE	PERFORMANCE	CONTINUATION	RECOMMENDED
		STANDARD FY 1999-2000	PERFORMANCE FY 1999-2000	STANDARD FY 2000-2001	STANDARD FY 2000-2001	BUDGET LEVEL FY 2001-2002	BUDGET LEVEL FY 2001-2002
K	Number of applications for licenses received for investment advisors, broker dealers, and agents	Not applicable ¹	92,705	80,000	80,000	90,000	90,000

¹ This indicator did not appear in Act 10, therefore it does not have a Yearend Performance Standard for FY 1999-2000.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1999- 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	6,580,357	6,979,378	7,224,208	7,438,392	7,365,494	141,286
Statutory Dedications	1,074	4,500	4,500	4,500	4,500	0
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	\$6,581,431	\$6,983,878	\$7,228,708	\$7,442,892	\$7,369,994	\$141,286
EXPENDITURES & REQUEST:						
Salaries	\$4,393,777	\$4,737,871	\$4,685,322	\$4,891,091	\$4,863,432	\$178,110
Other Compensation	64,363	74,707	74,707	74,707	74,707	0
Related Benefits	789,568	912,130	931,280	968,057	980,156	48,876
Total Operating Expenses	943,345	796,765	1,051,294	1,085,745	1,099,786	48,492
Professional Services	4,964	139,904	139,904	41,310	40,500	(99,404)
Total Other Charges	264,511	263,109	263,109	266,660	184,613	(78,496)
Total Acq. & Major Repairs	120,903	59,392	83,092	115,322	126,800	43,708
TOTAL EXPENDITURES AND REQUEST	\$6,581,431	\$6,983,878	\$7,228,708	\$7,442,892	\$7,369,994	\$141,286
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	115	115	122	122	123	1
Unclassified	1	1	1	1	1	0
TOTAL	116	116	123	123	124	1

SOURCE OF FUNDING

This program is funded with Fees and Self-Generated Revenues and Statutory Dedications. Fees and Self-Generated Revenues are derived from fees charged to businesses and corporations of the financial industry, such as banks and branch application fees, reservation of a name, holding company assessments, special examinations, trust and transfer agent examinations, thrift mergers, branch applications, credit union assessments, investigations, corporate credit union examination, consumer credit fees, licensed lender fees, sale of checks fees, collection agency fees, consumer loan broker fees, securities, and small business administration fees, etc. The Statutory Dedications are derived from civil penalties and overcharge violations paid to the Commissioner of Financial Institutions by regulated consumer credit entities. The penalties and overcharge payments provide funding for the Statutory Dedication Louisiana Consumer Credit Education Fund. The Louisiana Consumer Credit Education Fund will be used to finance education programs for consumers and lenders concerning the provisions of the consumer credit laws. . (Per R.S. 39:32B.(8), see table below for a listing of expenditures out of each statutory dedicated fund.)

	ACTUAL	ACT 11	EXISTING	CONTINUATION	RECOMMENDED	RECOMMENDED
	1999 - 2000	2000 - 2001	2000 - 2001	2001 - 2002	2001 - 2002	OVER/(UNDER) EXISTING
Louisiana Consumer Credit Education Fund	\$1,074	\$4,500	\$4,500	\$4,500	\$4,500	\$0

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$6,983,878	116	ACT 11 FISCAL YEAR 2000-2001
			BA-7 TRANSACTIONS:
\$0	\$244,830	7	Adds \$244,830 in Fees and Self-Generated Revenues for staff necessary to implement new regulatory activities assigned by Act 1098 of 1999 known as Residential Mortgage Lending Act; and amended by Act 34 of the 1st Extra Session of 2000. The need for changes was necessary to address: abuses in the Residential Mortgage Lender's Industry; to decrease cases of fraud; and to provide continuing education requirements for lenders.
\$0	\$7,228,708	123	EXISTING OPERATING BUDGET – December 15, 2000
\$0	\$75,038	0	Annualization of FY 2000-2001 Classified State Employees Merit Increase
\$0	\$68,832	0	Classified State Employees Merit Increases for FY 2001-2002
\$0	(\$18)	0	Risk Management Adjustment
\$0	\$126,800	0	Acquisitions & Major Repairs
\$0	(\$83,092)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$946	0	Legislative Auditor Fees
\$0	\$550	0	UPS Fees
\$0	(\$96,221)	(2)	Attrition Adjustment
\$0	(\$1,386)	0	Civil Service Fees
\$0	\$744	0	Indirect Cost Adjustment for Merits Raises within the Office of the Secretary
\$0	\$98,676	0	Annualization of seven new positions added in FY 2000-2001 by BA-7 for the Residential Mortgage Lending Act. FY 2000-2001 provided funding for nine (9) months.
\$0	(\$99,404)	0	Non-recur Professional Services used for Testing Development contract (\$40,00) and Legal services (\$59,404); both to provide services to Residential Mortgage Lenders
\$0	\$1,311	0	Indirect Cost Adjustment for support services from the Office of the Secretary
\$0	\$48,510	0	Supplies for software upgrade per FDIC
\$0	\$0	3	Agency will absorb support services that had been handled by the Office of the Secretary, resulting in the transfer of three (3) positions; \$80,661 will be moved from IAT to Salaries & Related Benefits
\$0	\$7,369,994	124	TOTAL RECOMMENDED
\$0	\$0	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS

\$0	\$7,369,994	124	BASEEXECUTIVE BUDGET FISCAL YEAR 2001-2002
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\$0	\$0	0	SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE: None
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\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
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\$0	\$7,369,994	124	GRAND TOTAL RECOMMENDED
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The total means of financing for this program is recommended at 102% of the existing operating budget. It represents 95.8% of the total request (\$7,690,468) for this program. The major changes reflected in the analysis of recommendation include: Attrition Adjustment with the reduction of two (2) positions (-\$96,221 Self-Generated Revenues) Annualization of seven new positions added in FY 2000-2001 by BA-7 for the Residential Mortgage Lending Act. FY 2000-2001 provided funding for nine (9) months. (\$98,676 Self-Generated Revenues) Supplies for software upgrade per FDIC (\$48,510 Self-Generated Revenues) Agency will absorb support services that had been handled by the Office of the Secretary, resulting in the receipt of three (3) positions via transfer; \$80,661 will be moved from IAT to Salaries & Related Benefits (\$0).

PROFESSIONAL SERVICES

\$4,000	Legal services - Avant and Falcon
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\$6,500	Training - Providing presentations on topics related to banking, thrifts, examinations, and other regulatory areas etc.
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\$30,000	Residential Mortgage Lending Test
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\$40,500	TOTAL PROFESSIONAL SERVICES
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OTHER CHARGES

\$11,829	Legislative Auditor expenses
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\$11,829	SUB-TOTAL OTHER CHARGES
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Interagency Transfers:

\$16,668	Pro-rata share of cost of operations of the Department of Civil Service
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\$1,474	Pro-rata share of cost of the Comprehensive Public Training Program
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\$3,735	Pro-rata share of cost of the operations of the Uniform Payroll Systems
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\$133,819	Reimbursement of costs for Support Services provided by the Office of the Secretary, Economic Development
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\$7,213	Investigators fees for the background checks (completed by the Office of State Police) for licensed lenders, pawnbrokers, collection agencies, and bank board members
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\$9,875	Division of Administrative Law
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\$172,784	SUB-TOTAL INTERAGENCY TRANSFERS
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\$184,613 TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$126,800 Replacement of two (2) vehicles; and computer equipment necessary to meet department standards, and to implement new FDIC examinations

\$126,800 TOTAL ACQUISITIONS AND MAJOR REPAIRS